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SUMMARY

GENERAL

1. Britain to emphasize Southeast Asian defense problems at Commonwealth conference (page 3).

SOVIET UNION

25X1

- 3. Bohlen believes USSR forced by domestic reaction to moderate propaganda on German rearmament (page 4).
- 4. Comment on second Soviet offer to share atomic knowledge (page 5).

FAR EAST

5. Hatoyama's advocacy of closer Orbit relations acclaimed by electorate (page 5).

SOUTHEAST ASIA

25X1

7. Fighting may intensify soon in northern Laos (page 7).

NEAR EAST - AFRICA

8. Comment on Arab hostility to proposed Iraqi-Turkish defense treaty (page 8).

WESTERN EUROPE

9. Replacement of Portuguese defense minister reported imminent (page 8).

25X1 * * * * *

18 Jan 55

CURRENT INTELLIGENCE BULLETIN

GENERAL

1. Britain to emphasize Southeast Asian defense problems at Commonwealth conference:

Probably the most important matter the British will raise at the Commonwealth prime ministers' conference in London beginning 31 January is the proistralia and New Zealand to station troops

posed commitment by Australia and New Zealand to station troops in Malaya, according to the American embassy in London.

Britain proposes that Australia and New Zealand make Southeast Asia their "major military preoccupation," since Britain is unable to increase its permanent garrison in the area Furthermore, in the event of atomic war, Britain may be unable to provide military support for either the Middle East or Southeast Asia.

Any plan agreed on at the conference will be presented to the United States "for comment," according to British officials.

Comment: Britain's emphasis on the possible consequences of atomic war seems designed to persuade the Australian government to take the politically unpopular action of stationing troops overseas in peacetime. A plan to station two Australian battalions in Malaya was approved at the chief-of-staff level over a year ago, but has still not yet been accepted by the Australian cabinet.

British military planners have indicated they regard regional defense associations under direct British influence, such as that proposed for Australia, New Zealand, and Malaya, as the only alternative to gradual abandonment of British interests in many areas. Partly because of this conviction, the British may also be expected to continue their efforts to secure from the United States a specific military commitment in Southeast Asia.

Page 3

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| | SOVIET UNION |
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| 3. Bohlen believes USSR fo propaganda on German r | rced by domestic reaction to moderate |
| propaganda on derman r | |
| | Ambassador Bohlen notes that the Soviet propaganda campaign to mobilize domestic |
| | public opinion against German rearmament, |
| the publication in Pravda | which reached a peak in mid-December with a and Izvestia of letters from war veterans, |
| | fore the French assembly debate. He be- terpretation might be the regime's concern |
| | s. rumors of war, and signs of food hoard- |

Comment: There have been some signs that Satellite governments are trying to curb war scares that have resulted from the vigorous campaign against German rearmament.

of the regime's sensitivity to domestic opinion.

ing during the height of the campaign. He sees this as an indication

18 Jan 55

CURRENT INTELLIGENCE BULLETIN

Page 4

25X1

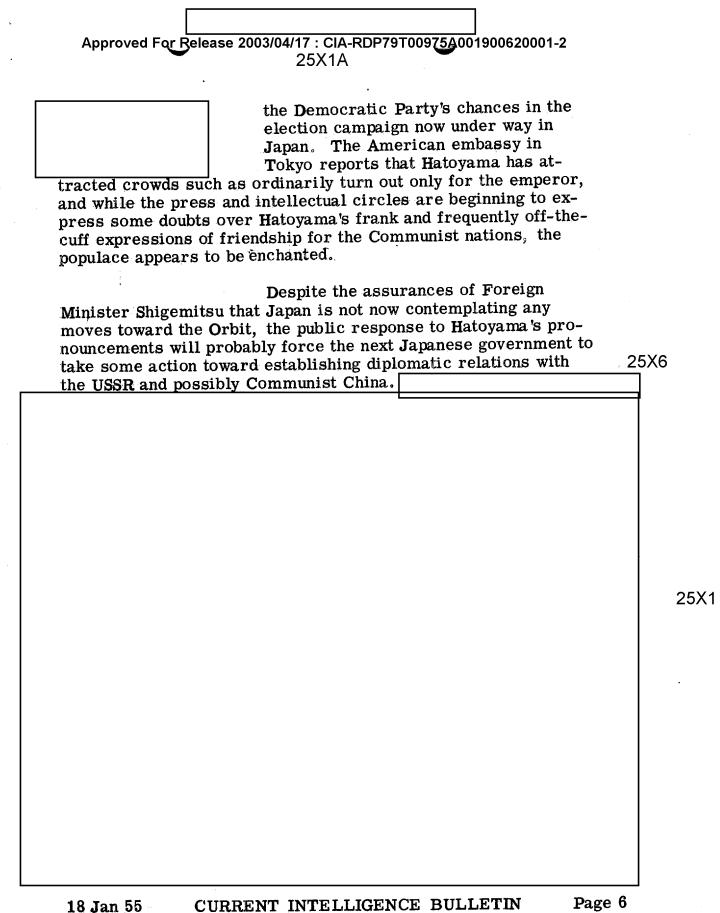
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While Moscow has moderated its campaign to stir domestic opinion, its foreign propaganda has dipped only slightly since the French assembly debate and has now been reinforced by the 15 January statement on Germany. Soviet propaganda for domestic consumption usually avoids repeated use of war-scare themes and always tempers them with reassurances that the USSR is seeking peace from a position of strength.

| 25X1 . | Comment on second Soviet offer to share atomic knowledge: |
|-------------------|--|
| | The Soviet offer to assist Communist China, Poland, Czechoslovakia, Rumania and East Germany in carrying out re- search in nuclear physics and "the use of atomic energy for peace- ful purposes" is obviously an effort to offset the Western "atoms- for-peace" plan endorsed by the UN. |
| · | The USSR's present move may also be partially motivated by the belief that wider Satellite participation in nuclear developments is desirable to achieve more effective co-operation. Except for token shipments of radioactive isotopes, these Satellites have received virtually nothing in return for their uranium ore. |
| 25X1A | The statement that the USSR is considering expanding this offer to other states may indicate that it hopes to demonstrate its ability to surpass the West in applying nuclear energy to peaceful pursuits. In order to do this, Moscow may expand its plan outside the Orbit by offering fissionable materials and technical assistance to the underdeveloped Asian countries. |
| | FAR EAST |
| 5. 25X1 | Hatoyama's advocacy of closer Orbit relations acclaimed by electorate: |
| | Prime Minister Hatoyama's advocacy of closer relations with the Orbit is increasing his personal popularity and |
| | 18 Jan 55 CURRENT INTELLIGENCE BULLETIN Page |

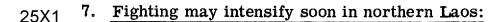
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CURRENT INTELLIGENCE BULLETIN



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"Considerable hostilities" could break out shortly in northern Laos if the Laotian government responds as now planned to continuing Pathet Lao attacks

in Sam Neua Province, the American legation in Vientiane reports. The Laotian minister of defense is dispatching several battalions to the province's southern boundary with the intention of advancing into the province in the event of further attacks. The minister says government forces now in the province are outnumbered about six to one by Pathet Lao troops.

The legation comments that one favorable effect of these Pathet Lao attacks is that they have apparently dissipated some dangerous illusions of Laotian government officials regarding the Pathet Lao.

Comment: Sporadic Pathet Lao attacks in both Phong Saly and Sam Neua Provinces have occurred over the past several months in contravention of the truce. The current attacks in Sam Neua Province, which began on 13 January and are reported to involve upwards of 1,200 Pathet Lao troops, represent the most concerted effort by the Communists to date to prevent the consolidation of royal government control in these provinces.

French officials in Laos believe these provinces will become permanent Communist possessions unless drastic action--either military or a direct appeal to the Geneva signatories--is taken soon by the Laotian government.

18 Jan 55

CURRENT INTELLIGENCE BULLETIN

Approved For Release 2003/04/17 : CIA-RDP79T00975A001900620001-2 25X1A

NEAR EAST - AFRICA

| 25X1 | Comment on Arab hostility to proposed Iraqi-Turkish defense treaty: |
|-------------------|--|
| | The initial strong Arab reaction against the Iraqi-Turkish declaration of intention to conclude a defense pact 'in the very near future' will severely strain the ability of Iraqi prime minister Nuri to continue co-operating on Middle East defense planning. |
| | The joint announcement has been received with considerable surprise and little approval in the Arab capitals. The consensus seems to be that Iraq has betrayed the Arab League by making a major policy decision in favor of collaboration with Turkey and the West without prior consultation with the other Arab states. |
| | Egypt, sensing an Iraqi challenge to Cairo's leadership of the Arab League, has called an emergency meeting of the league for 22 January to consider the situation. |
| 25X1A | Since league meetings on such issues normally result in a reaffirmation of Arab solidarity, subsequent Iraqi delay on the agreement with T urkey is likely to result. |
| | WESTERN EUROPE |
| 25X1 ₅ | Replacement of Portuguese defense minister reported imminent: |
| | It is generally expected in Lisbon that Defense Minister Santos Costa will soon be replaced in a shake-up of the high com- mands of the Portuguese Army and Defense Ministries, according to the American army attaché in Lisbon. |
| | Comment: United States-Portuguese negotiations for renewal of the Azores base agreement, which are expected to begin next month, could be complicated or delayed by a shake-up in the Defense Ministry. |
| | 18 Jan 55 CURRENT INTELLIGENCE BULLETIN Page 8 |

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In any case, the removal of Santos Costa would be a major change in the Portuguese government. Salazar's support enabled him to advance to the ministry over the heads of senior officers and to exercise strong personal control over defense matters. In spite of his unpopularity with army commanders, Santos Costa has often been considered a possible successor to Salazar. His removal now could indicate a desire on the part of Salazar for stronger support from the army, an important element in Portuguese politics.

Page 9

25X1A